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RUEHCV/AMEMBASSY CARACAS 1527  
RUEHPE/AMEMBASSY LIMA 1504  
RUEHMN/AMEMBASSY MONTEVIDEO 3773  
RUEHQ/AMEMBASSY QUITO 4167  
RUEHSG/AMEMBASSY SANTIAGO 8713  
RHMF/HQ USSOUTHCOM MIAMI FL  
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C O N F I D E N T I A L SECTION 01 OF 02 LA PAZ 001254

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TAGS: ECON PGOV PREL BL SOCI

SUBJECT: BOLIVIA: FISSURES IN THE MORALES GOVERNMENT

Classified By: Amb. David N. Greenlee for reasons 1.4 (b) and (d).

¶1. (C) SUMMARY: President Evo Morales entered his fourth month in office with rifts developing within his government and Movement Toward Socialism (MAS) party. Morales' abrupt firing of associates for alleged corruption, autocratic management style, and rhetorical attacks against the United States and Bolivia's neighbors opened these fissures. Although the challenges remain surmountable, they could widen over time to undermine the stability of Morales' government.  
END SUMMARY.

#### Dealing Harshly with Corruption Allegations

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¶2. (U) Morales entered his fourth month of office with sagging (but still high) approval numbers following weeks of negative press and signs of nascent divisions forming among his followers. Morales' handling of allegations of corruption against his own party members provided the first flashpoint. With little regard for due process or loyalty to his followers, Morales in April abruptly fired several MAS officials accused of corruption. The case of Gustavo Torrico, the MAS's former congressional bloc leader, has been the most high profile to date. Morales removed Torrico from the congressional leadership in April after public allegations that he requested special treatment from a public prosecutor for one of his advisors. Next, Morales fired his Vice Minister of Telecommunications for alleged extortion, and his Vice Minister of Hydrocarbons for "irregular acts."

¶3. (SBU) Morales' preemptive dismissals responded to political pressure to appear tough on corruption and created a precedent for the removal of any official on the slightest charge. Morales even issued a decree in April creating a commission to investigate corruption and allowing the executive to remove any civil servant on the merest allegation of fraud. Such measures have not eased Bolivian concerns about corruption, however, and many wonder whether politicized moves to root out corruption themselves fuel more corruption. As one National Unity deputy expressed to poloff, Torrico may be back in power within months.

Autocratic Management Style Angers Putative Allies

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**¶4. (SBU)** A widespread criticism of the government is that Morales is seeking to centralize power in the executive, often ignoring the demands of his base. Our contacts report that Morales continues to operate as a coca union leader, making all key decisions with little discussion outside a handful of key advisors. This management style has created decision bottlenecks and tension within the government and party. Contacts in Santa Cruz, for example, report regular friction between the central government and local MAS officials. In mid-April, the administration publicly clashed with MAS party leadership in Santa Cruz over regional political appointments. Local MAS members surrounded the Santa Cruz customs office to protest appointments made by La Paz without consultation. In response, the Minister of Rural and Agricultural Affairs derided the regional MAS as "lacking leadership," and La Paz has since removed two local MAS leaders, including key regional MAS organizer Adriana Gil (Septel).

#### Clashing With Social Groups

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**¶5. (C)** Similar tension has arisen from Morales, efforts to control social groups and unions by imposing MAS leadership onto such groups. In late April, a workers union in Santa Cruz Department rejected pressure to appoint a MAS member as its chief. The Secretary of the National Federation of neighborhood federation recently told poloff that the MAS had failed so far to impose its candidates on the influential El Alto neighborhood federation, but would likely continue trying. Other contacts have said the government, with Cuban and Venezuelan support, is trying to buy off top social sector leaders. In addition, various social sector groups have criticized the MAS for not including them in its

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Constituent Assembly candidate lists.

#### MAS Divided on Approach to US

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**¶6. (C)** Another potential problem for Morales is an apparent division within the MAS on how to deal with the United States. Although the distinction is not categorical, there is a clear ideological reluctance within the executive to expand working-level ties with the Embassy, while many MAS deputies have taken a more pragmatic approach. Though the Defense Attaché faces increasing hurdles meeting with military contacts, and meetings with MAS officials in the executive become more rare, MAS deputies appear eager to make Embassy contacts. For example, various MAS deputies, but only one Vice Minister, attended a recent Embassy reception.

**¶7. (C)** Not all MAS deputies support Morales' confrontational stance toward the US government. One MAS deputy recently offered a half-hearted defense of Morales, latest criticism of the Embassy--over the temporary denial of a visa to one of his vice-ministers--as a misunderstanding. Another MAS deputy told poloff privately that he disagreed with Morales, attacks. Yet another MAS deputy did not respond to criticism of Morales, anti-US rhetoric, but defended Morales as the indigenous representative of the nation. In a separate sign of a growing gap between the President and his representatives, a MAS deputy complained to poloff that the MAS caucus was not informed of the hydrocarbons nationalization plan until the night before Morales' public announcement.

**¶8. (C) COMMENT:** Hydrocarbons nationalization has successfully overshadowed the MAS's internal problems for now, but the challenges to the government's cohesiveness remain. As the euphoria generated by nationalization fades, these divisions are likely to resurface, and could ultimately undermine the stability of the government. END COMMENT.

GREENLEE